

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF LEDBETTER WATER DISTRICT	)	
	)	CASE NO. 91-086
	)	
	)	
	)	
ALLEGED VIOLATION OF KRS CHAPTER 278	)	

O R D E R

On March 27, 1991, the Commission ordered Ledbetter Water District ("Ledbetter") to show cause why it should not be penalized pursuant to KRS 278.990 for its alleged failure to comply with KRS 278.160(2). Shortly thereafter, Ledbetter and Commission Staff entered into negotiations to resolve all disputed issues. On May 30, 1991, they executed a Settlement Agreement which is appended hereto.

In reviewing this Settlement Agreement, the Commission has considered, inter alia, the amount of unauthorized charges collected and the circumstances surrounding their collection. After reviewing the Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. This case is hereby closed and shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 5th day of July, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

\_\_\_\_\_  
Commissioner

ATTEST:

  
Executive Director

APPENDIX  
APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 91-086 DATED 7/05/91

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CASE NO. 91-086

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 30<sup>th</sup> day of May, 1991, by and between Ledbetter Water District ("Ledbetter") and the Staff of the Public Service Commission of Kentucky ("Commission Staff").

WHEREAS, Commission Staff issued a Utility Inspection Report dated November 16, 1990 ("Inspection Report") detailing its findings of a recent inspection of Ledbetter's operations; and

WHEREAS, Commission Staff in its Inspection Report found that Ledbetter was charging unauthorized rates in violation of KRS 278.160; and

WHEREAS, on March 27, 1991, the Public Service Commission of Kentucky ("Commission") ordered Ledbetter to show cause why it should not be subject to the penalties of KRS 278.990 for its alleged violation of KRS 278.990; and

WHEREAS, Ledbetter and Commission Staff have stipulated the following:

1. Ledbetter, a water district organized pursuant to KRS Chapter 74, owns, manages, and

operates facilities used in connection with the distribution of water to the public for compensation.

2. KRS 278.160(2) prohibits a utility from charging, demand, collecting, or receiving from any person greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules.

3. On October 1, 1970, Ledbetter issued a tariff which set forth 10 percent late payment penalty charge. This tariff became effective on January 1, 1971. Ledbetter filed this tariff on October 12, 1970.

4. On June 21, 1978, Ledbetter issued a revised tariff sheet to comply with the terms of the Commission's Order of June 21, 1978 in Case No. 7097. This tariff became effective July 1, 1978. This tariff sheet set forth a late penalty charge of 10 percent and reconnection charge of \$15.

5. By Order dated March 17, 1982 in Case No. 8300, the Commission established new rates for Ledbetter. By this Order, the Commission stated that all rates not altered remained in full force and effect. Neither the 10 percent late payment penalty charge nor the \$15 reconnection charge were affected.

6. In September 1982, Ledbetter filed new tariff sheets which reflected the new rates ordered in Case No. 8300 and which cancelled previous tariff sheets. Ledbetter inadvertently omitted to include on the revised tariff sheets the existing 10 percent late payment penalty charge and the \$15 reconnection charge.

7. On August 3, 1989 in Case No. 89-107, the Commission again established new rates for Ledbetter. The Commission, aware that Ledbetter was charging a late payment penalty charge and a reconnection charge, did not take any action against Ledbetter or withdraw its previous authorization for such charges.

8. On December 11, 1989, Ledbetter initiated a \$5 fee for any returned check. Ledbetter never revised its tariff to reflect this charge nor sought Commission approval for it.

9. Since the institution of the returned check charge, the charge has been assessed against 3 persons and a total of \$15 has been collected.

10. Ledbetter has never assessed a meter reading charge and has not collected any revenues for such charge.

NOW, THEREFORE, Ledbetter and Commission Staff agree as follows:

1. Ledbetter shall provide a credit totalling \$5 to each customer charged a return check fee beginning with the first billing period after Commission approval of this Settlement Agreement. A list of these customers is attached as Exhibit A. Any customer improperly charged a return check fee who is no longer a customer of Ledbetter shall be paid a cash refund of \$5 mailed to his last known address. Ledbetter shall provide the Commission with written certification of its compliance with this provision within 60 days of the date of any Order approving this Settlement Agreement.

2. Concurrent with the submission of this Settlement Agreement, Ledbetter shall file a revised tariff setting forth all charges, rates and fees which it intends to assess its customers.

3. Ledbetter shall not be assessed any penalty for the allegations and charges arising out of this proceeding.

4. This Settlement Agreement constitutes full satisfaction of any penalties arising out of this proceeding against Ledbetter. Commission Staff shall recommend to the Commission that this Settlement Agreement be approved and that this proceeding be closed and removed from the Commission's docket.

5. This Settlement Agreement is subject to the acceptance and approval of the Commission.

6. If the Commission fails to accept and approve the Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on any signatory.

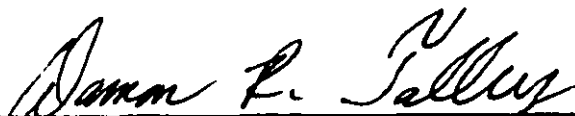
7. If the Commission accepts and approves this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, Ledbetter shall not apply for rehearing in this proceeding nor bring an action for review of that Order.

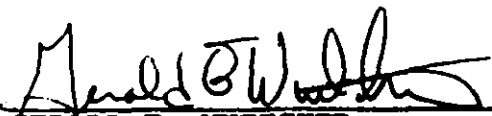
8. This Settlement Agreement is submitted for purposes of this case only and is not deemed binding upon the signatories in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Ledbetter or any other utility.

9. This Settlement is reasonable and in the public interest and should be adopted by the Commission in its entirety.

IN WITNESS WHEREOF, Ledbetter and Commission Staff have executed this Settlement through their duly authorized attorneys.

AGREED TO BY:

  
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DAMON R. TALLEY  
Counsel for Ledbetter Water District

  
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GERALD E. WUETCHER  
Counsel for Kentucky Public Service  
Commission Staff